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Should government have a Plan B; or, the inclusion of people in society?

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It sometimes helps to take a break for a minute. Sit back, turn off the phone, and think: where were you and what were you doing between summer 2008 and 2009? Here are a few diary entries from the life of a man christened Alistair. Q1

The worried rich and the new poor

It sometimes helps to take a break for a minute. Sit back, turn off the phone, and think: where were you and what were you doing between summer 2008 and 2009? Here are a few diary entries from the life of a man christened Alistair:

> 20 July 2008: 'Alistair Darling, the Chancellor, is to seek shelter from Britain's economic storm by going on holiday to one of Scotland's most remote islands. He is to take his summer break at a former crofter's cottage on the tiny isle of Great Bernera in the Outer Hebrides. The cottage, which overlooks the Atlantic, is on the edge of a hamlet with just 40 other inhabitants. At more than 500 miles from London, he is going about as far as he can without leaving the UK'. (Swinford & Waite, 2008) Q2
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> August 2008: Alistair Darling picks up a copy of the *Financial Times* while on holiday in late summer and reads that the European Central Bank had begun what amounted to panic measures to try to curtail the crash. (Johnson, 2009)
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> January 2009: 'The banks are fucked, we're fucked, the country's fucked' (unnamed member of the British Government's Cabinet as reported in Wintour, 2009).
>
> February 2009: 'I think that this is a financial crisis more extreme and more serious than that of the 1930s and we all remember how the politics of that era were shaped by the economy'. (Balls, 2009)

May 2009: It had become apparent outside of Britain that there was now a second island of the North West coast of Europe whose banks have mostly gone bust, where poverty was now spreading, where the rich are extremely worried. Like

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Iceland, people in power on this island followed the teachings of economists like Milton Freidman avidly. Unlike Iceland, this island plays a somewhat larger role in world financial affairs. And on this island, now even in polite society, a few of the British plea for a government takeover of the rest of their banks:

> [That] is something that needs to happen, not just for economic reasons, but for ethical ones too. There needs to be a general acceptance that the current model has failed. The brakes-off, deregulate or die, privatise or stagnate, lunch is for wimps, greed is good, what's good for the financial sector is good for the economy model; the sack the bottom 10 per cent, bonus-driven, if you can't measure it, it isn't real model; the model that spread from the City to government and from there through the whole culture, in which the idea of value has gradually faded to be replaced by the idea of price. Thatcher began, and Labour continued, the switch towards an economy which was reliant on financial services at the expense of other areas of society. What was equally damaging for Britain was the hegemony of economic, or quasi-economic, thinking. The economic metaphor came to be applied to every aspect of modern life, especially the areas where it simply didn't belong. In fields such as education, equality of opportunity, health, employees' rights, the social contract and culture, the first conversation to happen should be about values; then you have the conversation about costs. In Britain in the last 20 to 30 years that has all been the wrong way round. There was a reverse takeover, in which City values came to dominate the whole of British life. (Lanchester, 2009)

> August 2009: Alistair Darling on returning from holiday a year later 'predicts end of recession: The Chancellor has reiterated his view that Britain will join other leading economies in moving out of recession "round the turn of the year"'. (Darling, 2009)

It will be around the turn of the year when you are reading this, a little after maybe. How does it feel for you? Are things on the up? Do you see green shoots or are you perhaps still a bit indignation that City values came to dominate the whole of British life. Maybe you are even a little disgusted over the continued repercussions? Is it still possible to voice dissent and not be accused for trying to talk the country into economic depression?

In Britain it was last widely acceptable to make arguments such as this, arguing against what had become conventional dominant economic and political thinking, during the last depression, which followed that, last, 1929 crash, and especially during wartime when in 1942 the country could be presented with an alternative future to a place run in the interests of bankers and aristocracy. In this article, I want to argue that we should learn from how that last great opportunity was slowly and steadily squandered over the subsequent 65 years. How, what were initially great intentions, were at first slowly, and then rapidly, transformed into new prejudices. Out of wartime came the idea that all should be insured, treated for illness, receive a secondary education for free, becoming a decent comprehensive education for all later, before being transformed back to apartheid prescriptions of different schools and universities for different 'types' today; just as there is far more differentiated insurance and healthcare today.

Similarly, just as the post-Second World War surfeit of resources in affluent nations was initially directed at targets such as eliminating ignorance, but came through time to be focused more on education spending in support of elitism, so the old social evil

of want, of poverty, of having too little was initially the direct target of spending in many post-war states. Additional resources for extra personal expenditure, social security benefits, were initially aimed at the elimination of want, but then when the worse of want was seen to have been eliminated, state monies, redistribution and state attention moved elsewhere in a way that supported growing exclusion. Tax rates were reduced for the rich, benefit levels tagged to inflation (or less) for the poorest. The income of the rich moved away from that of average earners; average earners saw their incomes increase faster than those on welfare benefits. The initial compressing (reducing the spread) of income distribution that came with the introduction of social security in many affluent nations, and the taxation needed to fund it, was removed most quickly in those countries which began to choose to become most unequal after whichever key date you pick (most popular are 1968, 1973 or 1978). High social security spending was not essential to high levels of social inclusion, but low levels of income inequality were. Thus, relatively few people would describe themselves as poor and in need to take out loans just to get by in countries as diverse as Japan and the Netherlands, whereas in Britain and the United States relative rates of poverty have grown greatly in recent decades (Wilkinson & Pickett, 2009). They have grown simply because inequality has grown.

The new exclusion is exclusion from the lives, the understanding, and the caring of others. This is not through having to live in abject poverty, but through social norms becoming stretched out along such a wide continuum, as most additional income became awarded to the most affluent, with more of that left to the next most affluent, and so on. The elimination of the worst of early twentieth-century poverty, coupled with the tales of elitists who believed that those who were poorer were inferior, reduced the power of argument of groups that had previously succeeded in bringing down inequalities in resources between families and classes within many affluent societies. It is slowly becoming clear that in countries like Britain poverty did not fall over the course of the last 30 years. Instead, growing financial inequality resulted in large and growing numbers being excluded from the norms of society, and created an expanding and increasingly differentiated social class suffering a new kind of poverty: the new poor, the excluded, the indebted. We may almost all now feel poorer with the economic crash, but many of us felt just as poor before.

The new poor (by various means of counting) constitute at least one-sixth of households in countries like Britain. However, these are very different kinds of households compared with those who lived through immediate post-war poverty. What the poor mostly had in common by the end of the twentieth century were debts they could not easily handle; debts which they could not avoid acquiring; and debts which were almost impossible from which to escape. Above the poor, fewer and fewer were living average 'normal' lives. The numbers of those who had a little wealth had increased too. Above the just-wealthy the numbers who were so well off they could afford to exclude themselves from social norms were hardly growing, although their wealth was growing greatly. This wealth was ultimately derived from such practices as indirectly lending money to the poor at rates of interest many of the poor could never afford fully to repay.

Those most harmed by exclusion, one-sixth of all people

In a poor country most people are poor; in a rich country fewer are poor. There are many ways of defining a person or household as poor in a rich society. Most accepted ways relate to social norms and expectations, but because the expectations as to what it is reasonable to posses have diverged under elitism, definitions of poverty have become increasingly contentious over time. In the most unequal of large affluent nations, the United States, it is very hard to define people as poor as so many have been taught to define the poor as those who do not try hard enough not to be poor (Alesina *et al.*, 2004). Similarly, growing elitism has increased support for arguments that blame the poor for their poverty due to their apparent inadequacies, and there has been growing support for turning the definition of the poor into 'that group which is unable or unwilling to try hard enough'.

Just as homeless people become accepted as normal for a short time in the aftermath of a major earthquake that makes many homeless (as occurred in Northridge, California, in 1994), so the economic crash is making many homeless there again, but now due to the foreclosure epidemic, it is a kind of slow motion social seismic shock. In reaction to this shock:

> Both the British and the American plans to help the banks are very, very, very expensive variations on the theme of sticking their fingers in their ears and loudly singing "La la la, I'm not listening." This is what's happened so far. (Lanchester, 2009) **Q2**

That was the story in May 2009—and it continues as this paper is being written in September 2009—there is no Plan B. Figure 1 shows just how reliant the United Kingdom was on finance. It shows the share of world net profits made in finance **Q3** and insurance in the years just before 2007. These are export earnings from financial trades less imports. London's share is so huge that even the Falkland Islands, which takes a share of the UK value in the drawing of the map, are made enormous when

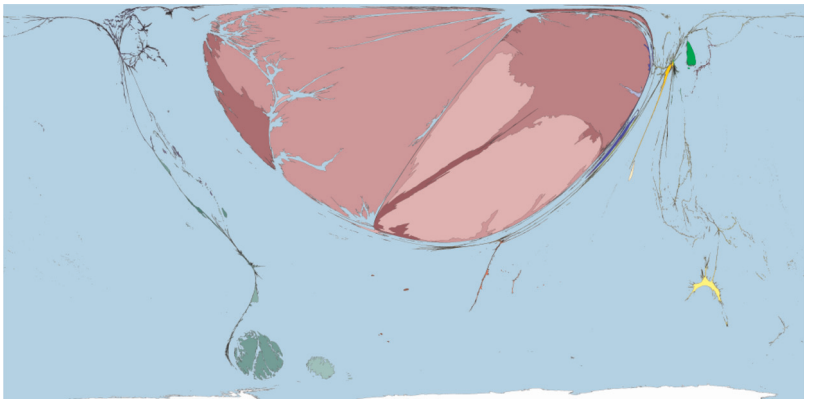

Figure 1. Finance profits being made at the height of the 2001–2007 boom: net worldwide distribution. Source: Data are estimated by the author from United Nations Conference on Trade and Development (UNCTAD) tables; for further details of the estimation and the source, see http://www.worldmapper.org/display.php?selected=97/ **Q14**

the world map is redrawn by profits from global trading in this one industry at the peak of the boom.

In Britain in late 2009, many more people are about to declare themselves poor as their incomes fall, wealth diminishes, and insecurity rises. Some are poorer than others. The suggestion that at least one-sixth of people live in poverty in some affluent nations results from arguments made in cross-country comparisons which suggest that a robust way of defining people as being poor is to say that they are poor if they appear poor on at least two out of three different measures (Wolff & de-Shalit, 2007; Bradshaw & Finch, 2003). These three measures are as follows. Firstly, do the people concerned subjectively describe themselves as poor? Secondly, do they lack the necessities to be included in society as generally understood by people in their country? Thirdly, are they income poor as commonly understood?

Currently, it is solely through low income that poverty is officially defined in Europe and within the United States. A household can have a low income but not be otherwise poor, as in the case of pensioners who have accrued savings on which they can draw. Similarly, a household can have an income over the poverty threshold but be unable to afford to pay for the things seen as essential by most local people, such as a holiday for them and their family once a year, or Christmas presents the children can tell their friends about, or a party on their birthday, the kind of party that will not show them up. A family that cannot afford such things is likely to be expenditure (necessities) poor and very likely to feel subjectively poor even if just above the official income poverty line.

Poverty in Britain before the 2008 crash

In Britain, around 5.6% of households appeared poor on all three measures around the year 2000 (expenditure, incomes, and subjectively), some 16.3% on *all three or any two* (Figure 2). After a few moments' thought, it should be clear that any

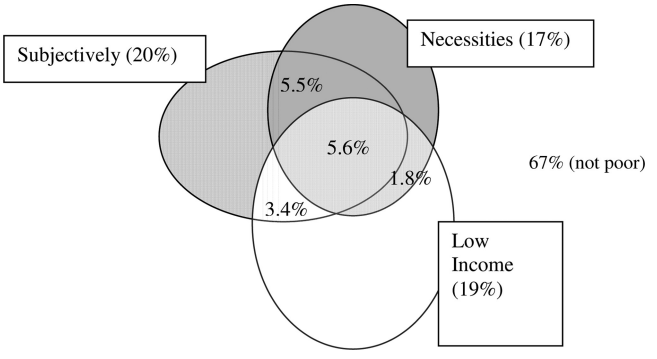

Figure 2. Proportion (%) of households classified as being poor by different measures: Britain, 1999. Source: Drawn from figures given in table 6 of the original study by Bradshaw & Finch (2003). Note that the sixth poor on at least two criteria are the areas with percentages labelled in them (5.5% + 3.4% + 1.8% + 5.6%). Q15

household, person or family which is poor on at least two of these criteria is likely to be excluded from the norms of society in some significant way, hence one-sixth is a safe lower band to quote when asked about how many people were truly poor before the crash hit. Figure 2 shows how that one-sixth was constituted in Britain at around the millennium. In other similarly unequal affluent countries that proportion would be higher or lower and made up of differing combinations of the three constituent groups, but it would not be dissimilar. It will change year on year in all countries and will vary for different groups in the population, reducing a little for families with children in Britain in the early years of the twenty-first century with tax credits, but then increasing greatly for all groups as the economic crash was met with policies resulting in widening differentials, felt subjectively, in what people could get (necessities became harder to acquire), and in what they were given (lower real income).

One thing you can try to tell government when it becomes evident that there is no Plan B is that all was not wonderful even in the year up to and including the height of the boom. In Britain by the start of the twenty-first century almost as many households were poor because they lacked the necessities required to be socially included and because their members knew they were poor (5.5%) as there were those who fell in all three poverty categories (5.6%). When the population is surveyed about what items are necessities and what are luxuries, the two key essential expenditures that the current poverty line pivots on were, firstly, an ability to make small savings each month (£10 in the case of Britain); and, secondly, to be able have an annual holiday away from home with the wider family. These were the two items that a majority of people in Britain thought others should be able to afford as a minimum, which the largest numbers could not afford (Dorling *et al.*, 2007).

The social injustice of social exclusion had, by the start of twenty-first century, debt at its heart in place of the joblessness, destitution, and old age that were the key drivers of 'want' when today's pensioners were born. Many years before the 2008 crash debt prevented most poor people from being able to afford such necessities as one holiday a year and the smallest of savings. You cannot save each month if you have debts to pay off. Holidays are affordable to almost anyone except those with too high unsecured debt. As debt grew in importance over time, the link between low income and low expenditure on necessities weakened slightly, with the smallest overlap in Figure 2 being between those two poverty measures. This is because low income does not initially prevent the purchase of necessities if there is access to debt.

In countries where inequality is higher, debts are accrued to pay for holidays, and to allow the newly income poor, those who lose their job, divorce or see their spouse die to be for a little while at least less expenditure poor. The effect in Britain of the increased necessity of falling back on debt and of keeping up appearances, in what has become one of the most unequal countries in Western Europe, was that half of all credit card debt in Western Europe was held solely by British citizens by 2006 (Irvin, 2008, pp. 189). A not insignificant proportion of that debt had been amassed to finance going on holiday. People were taking holidays more than ever before, not because they had all suddenly become lazy, but because in Britain being

able to take a holiday had become the marker of social acceptability, just as being able to wear a suit to church had been in a previous era, just as being able to sit a neighbour at your table and not run out of chairs had been subsequently, and just as being able to afford to run a car if you had children became a social norm not long after that.

In the United States another significant purchase, a second car for a family of four or more, serves the same purpose of establishing you as currently coping rather than not. It is not the object itself, but what it signifies and makes possible that matters. The United States built suburbs without pavements. The UK built up the idea that those who worked hard would be rewarded with holidays. It is partly because of this that so many Britons were in Mexico when swine flu was first detected in early 2009, and so many of the European cases were initially recorded in Britain. The British have been taught to holiday. Tony Blair used to take his holidays very publicly, alongside (Sir) Cliff Richard, the man who made millions singing about holidays in 1963 at a time when most people could neither afford an annual holiday nor chose to borrow to take one.

The marginal item that signals you as winner or looser

There was a great deal of talk in that year from summer 2008 of cutting back on holidays. Holidays matter now in most rich countries because they have become such a clear marker which separates those who are just getting by from those who are doing alright and from those who are doing well or very well. 'Where did you go on holiday?' is now an extremely intimate question to ask of another adult; the answers divide parents picking up children from school into groups, divide work colleagues into camps, divide pensioners by their employment history. Rest days and Sabbath days, festive seasons and taboos on working at certain times have all been built into human cultures to ensure that we take holidays. Relaxation is vital, but today's holidays are often not greatly satisfying, family holidays having the most minor of net effects on reported subjective happiness compared with almost anything that occurs of significance in people's lives (Ballas & Dorling, 2007, table 3), which suggests that in essence bad and good holiday experiences tend to balance out, and that holidays not taken with family tend to be associated with a slightly more positive outcome.

People take holidays because other people take holidays. It has become an expectation and so holiday-making in affluent countries is remarkably similar within each country as compared with between countries. People in Britain could take fewer holidays, especially holidays abroad, as long as those taken most cut down the most and those who only had one modest inside the country were allowed to continue with that. Overall rates of well-being should be expected to rise as a result. If you have been in the strange position of being able to take small children to stay in a suite in a 5* hotel abroad, you quickly learn that they are happier in a caravan on the coast in Britain.[1] Most people in Japan take only a few days' holiday for a vacation. In contrast, the two-week summer holiday and one-week 'winter break' has become standard in parts of Europe. In contrast again, only minimal holidays are common in the United States where holiday pay is still rare. Holidays became the marker of social

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inclusion in affluent European societies by the start of the current century because they were the marginal item in virtual shopping basics: that commodity which could be afforded if there was money to spare but had to be forgone in hard times.

In any society with even the slightest of surplus there is always a marginal commodity. It has been through observing behaviour historically in relation to those marginal commodities that the unwritten rules of societies were initially unravelled. The necessity of having furniture, televisions, cars and holidays came long after it was observed that workers needed good-quality shirts and shoes (recognised in 1759), that in order to have self-respect they should not to have to live in a hovel (observed by 1847), and that it was not unreasonable to ask to be able to afford a postage stamp (at least by 1901).[2] Mill-loom-woven shirts, brick-built terraced houses, postage stamps, all became necessities less than a lifetime after the mass production of looms, large-scale brick-making, and the introduction of the Penny Post in Britain and the equivalents in many similar countries. Within just one more lifetime, the mechanisation of looms, automation of brick-making, and of letter-sorting had made shirts, brick homes, and postage stamps parts of life that all could enjoy, no longer marginal items that the poor had to go without. Slowly a pattern was emerging.

Towards the end of the Second World War it was becoming clear to those studying (male-dominated) society that the:

> outstanding discovery of recent historical and anthropological research is that man's economy, as a rule, is submerged in his social relationships. He does not act so as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his social claims, his social assets.[3]

However, what was far from clear in 1944 was in what ways, as men's (and then women's) individual interests in material goods, and their basic needs, were better met, would people need to act differently to maintain their social standing? Pecking orders and rank do not simply disappear in an abundance of goods. For men social standing had largely been secured through earning enough to safeguard their family, enough to be able to afford to put a good shirt on their own back, enough to feel they were not living in a hovel. Occasionally, a man might have spent the excess on trinkets such as a postage stamp for a letter to a lover, and much more often beer, the poorest of men and women drinking themselves to death on gin. However, from the 1960s onward those times began to fade in memory as mass consumption followed mass production.

Trinkets, trivia, debt, social standing and mortification

Mass consumption often consists of what appears to be trinkets and trivia, of more clothes than people possibly need, no longer one good linen shirt, or of more shoes than can be easily stored, no longer just one good pair, of houses with more rooms than can easily be kept clean, and in place of that postage stamp, junk mail. However, trinkets, trivia and fecklessness only appear as such to those not over-purchasing or over-consuming, from the trading of shells in ancient Polynesian societies to curvier cars in 1950s America.

Trinkets have always held great social importance. Mechanisation did not decrease their importance. Mass-produced trinkets, such as jewellery in place of shells, production-line cars, and their purchasing, wearing and driving, soon came no longer to signify high standing. Scarcity was required for that. Mass-produced goods soon become necessities, and after that are simply taken for granted. In Europe to be without a car in 1950 was normal; 50 years later it is a marker of poverty. In Europe in 1950 most people took no holiday; 50 years later taking no holiday has become a marker of poverty, and holidays can now easily cost more than second-hand cars.

Most of the increase in debt that has occurred since the 1950s was accrued by people in work. For those debts not secured on property (mortgages) most were accrued by people in lowly paid work. Work alone no longer confers enough status and respect, not if poorly paid. People working on poverty wages (in Europe three-fifths of national median wages) tend to be most commonly employed in the private sector than in the voluntary sector, and most rarely in the state sector (Almond & Kendall, 2001, p. 45). The private sector pays higher (on arithmetic but not median average) because those in charge of themselves with little oversight tend to pay themselves very well indeed, and by doing so reinforce the idea that the more valuable a person you are the more money you should have. The state sector pays its managers less because there is a little more self-control levied when accountability is greater. In the absence of accountability people in the state sector are just as capable of transgressing as Members of the British Parliament illustrated in the expenses scandal of 2009. What they bought with those expenses illustrated what they had come to see as acceptable purchases in an age of high and rising inequality. The voluntary sector is a mix of these two extremes. God or the charity commissioners might be omnipresent in theory, but in practice he/she or they are not spending government money. In all sectors if you find yourself at the bottom of each pyramid, and the pyramids are slowly being elongated upwards (slowly to look more like the tops of onions than like ancient tombs), to then value yourself when others are so materialistic requires either great and unusual tenacity, or borrowing just a little extra money to supplement your pay. You borrow it to buy things others like you have, because 'you're worth it', and you want to believe you are like them, not inferior to them.

If you have been led to believe that a valuable person is a well-paid person then it becomes especially important to accrue debt when your income is falling to maintain your self-esteem, to avert what even hard-nosed economists from Adam Smith onwards have identified as the *mortifying* effect of social downgrading (Offer, 2006, pp. 234, 292). People spend and get into debt to maintain their social position, not out of envy for the rich, but out of the necessity to maintain self-respect (Frank, 2007, p. 4). Social downgrading has a physical effect on human bodies, akin to the feeling of being sick to the depths of your stomach as you make a fool of yourself in public. Humans are conditioned, and have almost certainly evolved, to fit in, to be a social animal, to feel pain, concern and anxiety which prevents them from acting in ways likely to lead to their being ostracised from their small social group. Recently we have come to realise that it is not just our own social pain that we feel, but through

possessing 'mirror neurons' we physically feel the pain of others as our empathetic brain appears to be 'automatic and embedded' (Burns, 2007, pp. 99, 136, 184–185). We now know some of the physical reasons why most of us react instantly to others' hurt, social hurt as well as physical hurt. See someone hit on the head and you wince. See someone shamed and you too feel their shame physically. Link social standing to financial reward and it becomes necessary to accrue and spend more and more in order to stay still. If you do not you will feel pain and know that others wince too when they see you. The alternative, of not seeing financial reward as reflecting social standing, is a modern-day heresy. It is possible to be a heretic, not to play the game, not to consume so much, not be so concerned with material goods, but it is not easy. If it were easy to be a heretic there would be far more of them, they would form a new religion and we would no longer recognise them as heretics.

For some, the alternative to getting in debt is not to take a holiday, any holiday. At the height of the worldwide economic boom in 2001, in one of the richest cities on the planet, one child in every five in London had no annual holiday because their parents could not afford one (Greater London Authority (GLA), 2002).[4] Very few of the parents of those children will have chosen for their child not to have had a holiday that year because they saw package holidays as a con, or hiring a caravan for a week as an unnecessary luxury. Of the children being looked after by a single parent in London, that same survey showed that most had no annual holiday, and that 44% of those single-parent-headed families could also not afford other things commonly assumed to be essentials, such as household insurance. Nationally, only 8% of households are uninsured (GLA, 2002, p. 64). The insurance makes it possible to replace the material goods amassed over a lifetime, goods you could mostly live without physically, but not socially. It is the families of the poorest children who are most likely to suffer from theft and the aftermath of theft, or fire, or flooding (just think of who suffered most from the flooding of Hull in 2007). So for them not avoiding insurance is not a sensible saving. A few people got very rich running the firms that sell insurance, but that does not mean it is sensible to avoid insurance altogether. The less you have to start with, the more you may need it. The very rich can in effect insure themselves. If you are not insured, then the only way to cope with insurable events, if you are not heretical, may be to get further into debt. It is often shocks such as these that plunge families into long-lasting debt, but rising debt was a product of rising lending. And all this is as true internationally as it is in the homes of the London poor.

The corruption of rich Western bankers and businessmen

Commentators from rich countries, especially national leaders, often boast of various aspects of the roughly US$100 billion a year which their countries donate in aid (or spend on debt write-offs) for people in poor countries. They rarely comment on how, for every US$1 of that aid, another US$10 flow, at least before the crash, in the opposite direction, siphoned out of poor countries mainly by merchants who

buy cheap and sell dear. It was not just for the sweat of those struggling to make the payment on sub-prime mortgages in the United States that Lehman Brothers indirectly made their loot (as still do their surviving competitors who still have the power to sue). The estimates that have been made[5] suggest that major corporations are responsible for the majority of the US$1 trillion-a-year flow of illicit funds to rich nations using webs of financial trusts, nominee bank accounts, and numerous methods to avoid tax, and simple mispricing. The firms most prominently featuring in many accounts are oil, commodity, and mining firms. But all these have their bankers. Traditional bribery and corruption within poor countries accounts for only 3% of this sum. Despite this, when corruption is considered, it is almost always that kind of corruption and not the other 97%, the corruption of very rich Western bankers and businessmen which is being thought of. The other 97% is orchestrated from places such as the gleaming financial towers of London's banking centre.

Plan A was not that great. Business as usual means destitution for most. Between 1981 and 2001, only 1.3% of worldwide growth in income was in some way directed towards reducing the US$1-a-day poverty with which the poorest billion (one-sixth on the planet at that time) live. In contrast, a majority of all the global growth in income during the 1990s was secured by the richest 10% of the planet's population (Shah & McIvor, 2006, p. 110). Most of that growth in income was growth in the value of the stocks and shares which were traded by people like those bankers. However, for even the richest in the world, the returns from these were not enough and they invested millions at a time in hedge funds run by yet more private bankers who worked in less obvious edifices than skyscrapers. It is the monies that these people hold which have come to give them a right, they say, to 'earn' more money. Ultimately, those extra monies have to come from somewhere and so are conjured up for others as debt (as more is lent). The richer the rich become, the greater is the debt, both worldwide and in the shadows of the bankers' own homes.

To be rich is to be able to call on the labour and goods of others, and to be able to pass on those rights to your children, in theory, in perpetuity. The justification of such a bizarre arrangement requires equally bizarre theories. Traditionally, rich monarchs, monasteries, and Medici-type bankers and merchants believed it was God's will that they should have wealth and others be poor. As monarchies crumbled and monasteries were raised, it became clear that many more families could become mini-Medicis. That they all did so as a product of the will of gods became a less convincing theory. Instead of transforming religions that preached piety in order to celebrate greed, those who felt the need to justify inequality instead turned to science. Those searching to find new stories to justify inequality first turned to the new political and economic sciences of the enlightenment. For instance, the nasty taste for ranking races was well articulated at that time: 'Immanuel Kant could wedge "the Arab", "possessed of an inflamed imagination", between the basest of (Southern) Europeans and the far East, but significantly above "the Negroes of Africa"' (Goldberg, 2009, p. 163). They turned to emerging natural sciences, in particular to biology, and finally to new forms of mathematics itself to suggest that some people were inherently more able than others, deserving of riches, and that the distribution of wealth in the

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Q6

world someone natural arose. Good intentions are expressed each time there is a crash. Such as three years after Charles Dickens published *Hard Times* in the desperation preceding the crash of 1857, in the aftermath of the New Stock exchange crash some 72 years later (in the autumn of 1929), or when the world banking system crashed 79 years later again in autumn 2008. Each time, as just over the three score years and ten of a fortunate human's lifetime is passed, the past is forgotten enough for the corruption of bankers and businessmen to be allowed again to rise to the fore. Each time we say we will never forget. But we are only human. We are not very good at arguing against the consensus, at sticking our necks out, at saying there must be a possible Plan B.

The generation in Britain that came to be called Thatcher's children were typically born in 1965 or a few years later. Margaret's actual twins were born in 1953, the same year as Tony Blair. Incidentally, the age gap is rarely commented on. Tony could have been her son in more ways than just inheriting so much of her ideology. Children born in 1953 had it good. They never experienced rationing, and came of age in 1971 at the start of the decade of greatest equality, mostly becoming secure before insecurity set in at the end of those 10 years. In contrast, for those born in 1965 there were few jobs when they left school in 1980/81. Many of the children born in the years **Q7** around 1990, in Margaret's last year as premier, will be worse hit by the 2008 crash. Thatcher's grandchildren will ask, when a little older, why there was no Plan B. Why was so little done when it became obvious that when bankers run out of money it is manufacturers who go bust. Why officials just looking after their own **Q8** kind in how they managed the crash. The greatest absolute increase in unemployment between the end of 2007 and the end of 2008 was some 90,000 people in elementary occupations being laid off. Cleaners and nannies go first. Geographically, the North was hit hardest (Dorling, 2009). The response to all this after the initial bail out was mainly stiff upper lips all round. On the BBC by summer 2009 bad news was relegated to last or had no slot. There was a fear of fear itself. Green shoots were spotted rising repeatedly. On the day I gave the talk on which this paper is based, British **Q9** Airways began a month-long 'pay holiday'. Many of the planes flying over London were being staffed by volunteers! A few weeks earlier, in the United States, General Motors had been trying to sell parts of itself to its own workers. A kind of John Lewis Partnership solution was being tried in the free market dog-eat-dog 'home of the free'. Meanwhile, in the 'home of the prudent', Mervyn King, Governor of the Bank of England, got the jitters on 24 June 2009. Even more money was printed the month after. Everything was predicated to return to how life had been before in **Q10** an age of rising anxiety, depression, and the mass consumption of Prozac, which had staled in 2006, undoubtedly will have started rising again (Figure 3).

Conclusions

The number of people who are poor is rising. It is not just that economic crashes harm those at the bottom most severely and most quickly; the lowest paid are sacked first and their children are the first not to be employed on reaching adulthood.

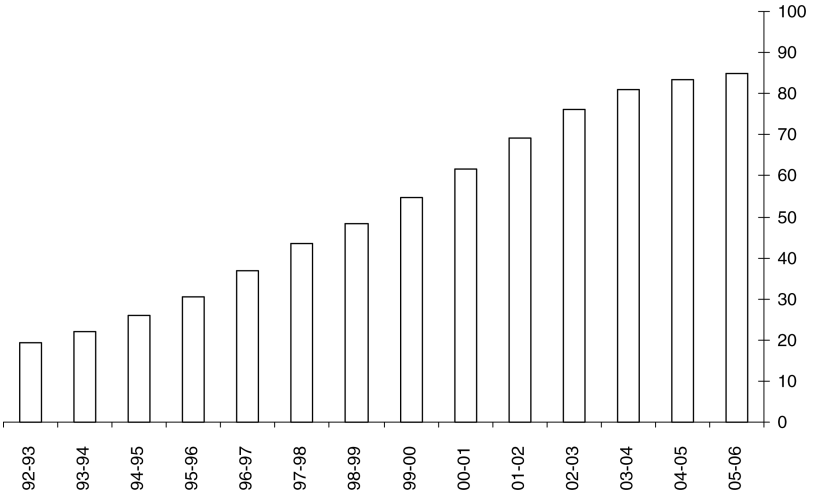

Figure 3. Depression: defined daily doses per 1000 people aged 15 or over: Scotland. Source: Antidepressant prescriptions across Scotland, mainly selective serotonin reuptake inhibitors (SSRIs), 1992–2006 (NHS Report 2007) **Q16**

As growing numbers of people in countries like Britain begin to perceive themselves as poor, far more than one-fifth shown in Figure 2 who usually do, a subset of those people will begin to realise that they actually are very poor. The one-sixth that currently cannot afford what are perceived even by strict criteria to be the necessities of life will rise in number. On the criteria that you are poor if you cannot afford a holiday once a year and you cannot make small savings, then already one-quarter are poor. As unemployment rises and as wages are suppressed for the low paid, the proportions of people living in households where earnings are less than three-fifths of the medium will rise across Europe. In America, for the first time in several generations millions of people will recognise that their poverty is not their fault. In Japan, the third largest place of residence of the richest billion humans, the privations that have been being quietly endured for over a decade (as the recession there never ended) will no longer appear a specific failure of that country. In the rest of the world more people will go hungry, live and die in abject poverty as local and imported food prices rise, as factories close, as demand for most trinkets and staples from the rich evaporates. At some point a wit on the Internet will declare that they have spotted the millionth graph showing the economy going over a cliff (Figure 4 could be it).

If you are told that life is unfair you may shrug your shoulders; it is something to which you have become acclimatised. Only for the young and naïve is it still shocking to discover how unequal the world is. If, however, you are told that life is about to become a great deal more unfair, that you and yours will also have to suffer, that you will no longer be able to have a holiday, even travelling to the nearest seaside resort on a wet day in August, or, if you are told that the price of rice has doubled since this time last year, or if you are told that you are not trying hard enough to

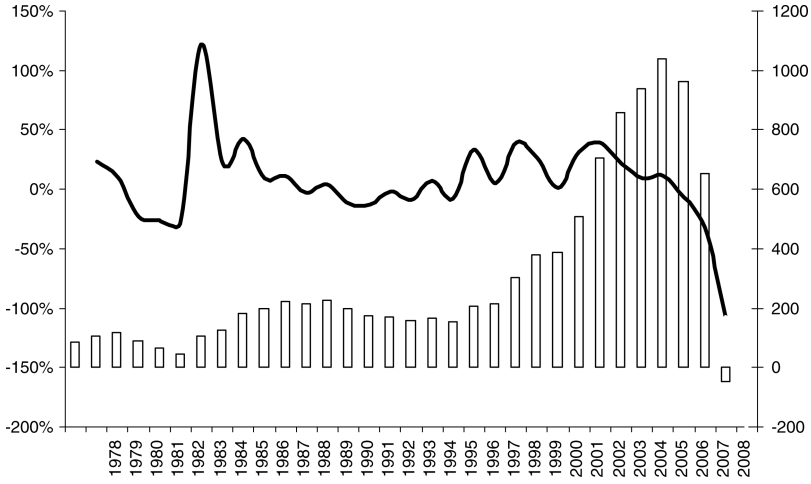

Figure 4. United States mortgage debt 1977–2008 (percentage change and US$ billion). Source: Federal Reserve data from Dorling (2010, ch. 7) **Q17**

look for a job when there are millions out of work; or if you are told that the factory which employed you for 18 hours a day is shutting; or if you are told that there is no money for what there used to be money for: you get angry. It is not a lack of justice, but a renewed sense of injustice[6] that causes people to act. However, unlike in 1857, or in 1929, years within a decade of when the first Communist manifesto and workers' revolution had occurred, there is no similar model that the elite might fear the masses could turn to today. But, unlike 1857 or 1929, there is also no great scarcity of goods worldwide. There is far more than enough food produced for all to eat well, especially by eating less meat. And the masses are becoming less massed. Worldwide the average older family today has three children; younger parents will have only two. World population growth is set to end within half a lifetime (Morgan & Taylor, 2006). No one appears to be celebrating this fact. Instead, we are becoming more and more worried as we become richer and richer, with just brief reductions in our overall levels of anxiety in the few years of greatest growth when we were told to spend and spend and append (Figure 5).

Now is a good time collectively to remember that long-term solutions did not arise out of past economic crises; that just before each crash there was no utopia from which to crash. Many people, especially in the richest of nations, were most excluded from society at the point when riches appeared greatest. For a few to become very rich people in those rich nations excluded most of the rest of the population of the world from partaking in what was presented as becoming a new global society. Now is a good time to remember that to be poor is not to be able to partake in the social norms around you. Economic growth has for a long time been used to excuse rising inequality: the promise of better to come if you put up with the relative privations of today. That promise is no longer believable. If anger can be turned into understanding, then there are many reasons to believe

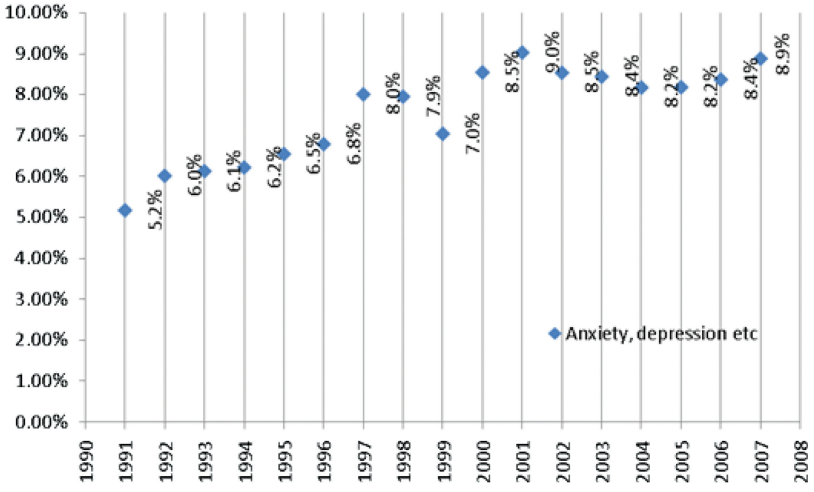

Figure 5. Those self-reporting anxiety or depression in Britain aged 16 or over, 1990–2007. Source: BHPS analysis from The Young Foundation (2009, figure 39). **Q18**

that long after we are all dead, in the years just before the twenty-second century, history will not be repeated again. In what some called the 'gilded' years preceding the crashes of 1857, 1929, and 2008, social inequalities reached unprecedented levels in those countries which later saw panic in their banks. Speculation fuelled by the excess wealth of the rich, preceding each crash, was in each case partly blamed for what subsequently occurred. In each case, for a small number of people to be that rich, rising numbers of others had to be made relatively poor and excluded from the norms of society as a result. They suffered most in the immediate aftermath, then inequalities fell, then we forgot or did not wish to be reminded, until the next time.

There is, of course, a Plan B out there, if not many versions of Plan B. It is a low growth, more equitable, and a less elitist future than our present. It is a Green New Deal. It is being almost completely ignored in any corridor of power. It is being ignored partly out of panic, partly out of herd mentality: 'When growth falters—as it has done recently—politicians panic. Businesses struggle to survive. People lose their jobs and sometimes their homes' (Jackson, 2009). And it could be added: **Q2** most economists return to the comfort of their models and scripture, because in times of crisis you try to hold onto your ever more strongly faith, even as you begin **Q11** to doubt its validity more than ever before. Model why have you forsaken me, the chief economic advisors to the Treasury and the ministers and prime ministers schooled in economics lament, and from somewhere in their mind comes the reply that the crash is part of the great will of the market, a cleansing of our sins of inefficiency, we must return to the way, the truth and the light of plan A.

On the eve of the last great crash, a time when you would think that only men walked the earth by reading of its history, a science fiction writer suggested that a wider group than simply the elite was needed to evoke Plan B because none of us is

especially able and some of us are plain nasty: 'Men are creatures with other faults quite beyond and outside our common disposition to be stupid, indolent, habitual and defensive' (Wells, 1928, p. 97). And a contemporary later explained why it was not a good idea to rely on academia either:

> There are men charged with the duty of examining the construction of the plants, animals, and soils which are the instruments of the great orchestra. These men are called professors. Each selects one instrument and spends his life taking it apart and describing its strings and sounding boards. This process of dismemberment is called research. The place for dismemberment is called a university. . . . If the professor is able to classify each instrument before it is broken, he is well content. (Leopold, 1949) **Q2**

That was in 1949. Today academicians are being asked to do a great deal more when it comes to studying environment or society than record events before the breaks occur. In April 2009, the President of the United States addressed the American National Academy of Sciences Annual Meeting and asked the scientists present if they could help. He was asking them questions about the sociology of health, the economics of **Q12** energy, the politics of security, and the geography of markets. Whether the assembled mathematicians, medics, physics, chemists, and biologists listening to him offered to help is as yet unknown. Neither do we know whether the few social scientists present kept their hand down also thinking like so many students in the lecture hall: 'for pity's sake, please don't ask me if there is a Plan B'. Here is how Barack Obama described some of the problems with plan A:

> Today, of course, we face more complex challenges than we have ever faced before: a medical system that holds the promise of unlocking new cures and treatments—attached to a healthcare system that holds the potential for bankruptcy to families and businesses; a system of energy that powers our economy, but simultaneously endangers our planet; threats to our security that seek to exploit the very interconnectedness and openness so essential to our prosperity; and challenges in a global marketplace which links the derivative trader on Wall Street to the homeowner on Main Street, the office worker in America to the factory worker in China—a marketplace in which we all share in opportunity, but also in crisis.[7]

Notes

1. The more socially aware amongst the world's top footballer know this (Osborne, 2009). On the happiness derived from holidays, or lack thereof, see Ballas & Dorling (2007).
2. In 1759, Adam Smith wrote on the linen shirt and shoes and has been endlessly quoted thereafter. In 1847, Karl Marx wrote on how homes appear as hovels if a castle was built nearby. In 1901, Seebohm Rowntree wrote on the necessity of being able to afford a stamp to write a letter to a loved one.
3. Karl Polanyi's writing of 1944 quoted in Magdoff & Magdoff (2005).
4. Page 11 of the GLA summary reports some 20% of children as living in families that could not save £10 a month nor afford to take a holiday other than visiting and staying with family.
5. Raymond Baker, Director of the Global Financial Integrity and an expert on money laundering (as quoted in Mathiason, 2007).
6. This essay draws on Dorling (2010, ch. 4).

7. Remarks made on 27 April 2009 at the National Academy of Sciences Annual Meeting. Available on-line at: http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-at-the-National-Academy-of-Sciences-Annual-Meeting/.

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